GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:80
ANSWERED ON:17.10.2008
MERGER OF SBS WITH SBI
Das Gupta Shri Gurudas;Manoj Dr. K.S.;Reddy Shri K. Jayasurya Prakash;Reddy Shri Suravaram Sudhakar;Sarvey Shri Sathyanarayana

Will the Minister of FINANCE be pleased to state:

(a) whether Government has approved the merger of State Bank of Saurashtra (SBS) with the State Bank ofIndia (SBI);

(b) if so,the details and reasons therefor;

(c) whether the trade unions in Banking Sector has opposed the merging of subsidiary banks with SBI;and

(d) if so,the main concerns of the trade unions and Government`s reaction thereto?

Answer

The Minister of State in the Ministry of Finance (Shri Pawan Kumar Bansal)

(a) & (b): Sub-section (2) of Section 35 of the State Bank of India Act,1955,inter-alia, provides that the Scheme of acquisition of any banking institution by the State Bank of India containing the terms and conditions relating to such acquisition agreed upon by the Central Board of the State Bank and the Directorate and Management of the banking institution concerned and approved by the Reserve Bank shall be submitted to the Central Government for its sanction.In terms of these statutory provisions,the draft Scheme for acquisition of the State Bank of Saurashtra by the State Bank of India,as approved by the respective Boards of both these banks and by the Reserve Bank of India,was submitted to the Government for sanction in terms of Section 35(2) of the State Bank of India Act, 1955.Government has sanctioned and notified the said Scheme on 13.08.2008.

(c) & (d): There has been a mixed response to the proposed merger of SBS with SBI and also of the idea of merger of all the Associate Banks with SBt. Government and RBI have received a letter from Associate Bank Officers` Association-the apex body representing the officers of all the Associate Banks of SBI (including the erstwhile State Bank of Saurashtra),strongly and firmly pleading for expediting the process of merger of SBS with SBI.